

## **Class Exercise 2**

### **Selecting International Payment Methods**

Following are descriptions of potential international sales transactions. For each one, select which international payment method you think is most appropriate.

Select from the following international payment methods:

- 1. Prepayment: international wire transfer**
- 2. Prepayment: credit card**
- 3. Letter of Credit / Irrevocable, Advised**
- 4. Letter of Credit / Irrevocable, Advised and Confirmed**
- 5. Documents against Payment**
- 6. Open account – no export credit insurance**
- 7. Open account – with export credit insurance**

<b>Payment Method</b>	<b>Condition</b>
	A U.S. company is selling goods worth \$50,000 to an new buyer located in Colombia
	A U.S. company is selling goods worth \$50,000 to an new buyer located in Canada
	A U.S. company is selling goods worth \$1,000 to a new buyer located in a country generally considered high political risk
	A U.S. company is selling goods worth \$50,000 to its wholly owned subsidiary in Japan
	A U.S. company is selling goods worth \$50,000 to a buyer in Colombia that has previously purchased \$200,000 from four previous transactions
	A U.S. company is selling goods worth \$5,000 to a buyer in Brazil that has previously purchased \$20,000 from four previous transactions
	A U.S. company is selling goods worth \$1,00 to a new buyer located in a country generally considered low political risk